

**Exhibit “A“**

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January 30, 2017

James Beasley, Jr, M.D., LL.M.  
**THE BEASLEY FIRM**  
1125 Walnut Street  
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**RE: JUSTINO VARGAS**

Dear Dr. Beasley:

This is my actuarial-economic report for the above-captioned matter. Justino Vargas was born on September 12, 1946. Therefore, he was 68.2 years of age at the time of his death on December 3, 2014. It has been indicated that Mr. Vargas died as the result of a massive gastrointestinal bleed while he was on a flight from Pennsylvania to Florida. The normal life expectancy for a male of Mr. Vargas' age at death would be 17.4 additional years based upon the 2012 U.S. Life Tables, prepared by the U.S. Department of Health and Human Services. Adding the life expectancy of 17.4 years to the age at death of 68.2 years would indicate an expected normal life span for Mr. Vargas of 85.6 years. Had he not died, Mr. Vargas would have currently been 70.4 years of age, and 15.2 years would have currently remained in the normal life expectancy period.

Mr. Vargas is survived by his wife, four children (Justino - born on October 13, 1966; David - born on July 8, 1969; Adam - born September 16, 1973; and Edward - born January 21, 1983), and several grandchildren. His wife, JoAnn Vargas was born on February 4, 1948. At the time of his death, Mr. Vargas was retired from the New York Police Department and he was employed as a Senior Pastor at Greater Love Ministries (St. Augustine, Florida). His wife was also employed as a pastor at the same church. Mr. Vargas was receiving a pension benefit from the NYPD of approximately \$2,500 per month, or \$30,000 per year and it has been indicated that the pension benefit ceased as of the time of Mr. Vargas' death; the amount of pension benefits listed on the 2014 tax return were a total of \$32,343. Mr. Vargas also received wage earnings of \$1,300 as a pastor in 2014 (his wife's wage earnings in 2014 as a pastor were \$8,850). Mr. and Mrs. Vargas also received a housing allowance from their church (listed as an exempt value on Mr. Vargas' 2014 W2 form in the amount of \$26,900). Mr. Vargas would also have been eligible for Social Security benefits. However, for purposes of this report, any lost income from Social Security Retirement benefits and any lost earnings as Senior Pastor are totally offset by the necessary deduction for Mr. Vargas' personal maintenance expenses. Therefore, calculations are provided in this report for the amount of Mr. Vargas' lost pension benefits and the value of lost household services of Mr. Vargas.

It is appropriate to make a calculation of the amount of lost pension income as the result of Mr. Vargas's death. Mr. Vargas' actual pension income in 2014 was \$32,343. The amount of the pension benefit was subject to cost-of-living adjustments, but these adjustments were minimal in the recent years (1% on only the first \$18,000 of annual benefits, or approximately 0.55% of Mr. Vargas' total annual benefits). Therefore, for purposes of this report, consideration is made for a loss of \$32,343 per year in pension benefits as of 2014, with increases of \$180 per year through 2017 (current annual benefits of \$32,883 per year). On this basis, the total amount of the Past Lost Pension Benefits would be \$67,966 (25 months of lost benefits).

**(Continued)**

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For purposes of this report, consideration is made for conservative benefit increases in the future at 0.55% per year. However, it is also necessary to make a calculation to reduce the amount of future lost pension benefits to their present value at an appropriate interest rate. For purposes of this report, the future lost pension benefits are reduced to their present value at 4% interest. With the small cost-of-living adjustments at 0.55% per year, this would be the same as a 3.43% rate of "net" interest for determining present value. As indicated previously, 15.2 years currently remain in the normal (average) life expectancy period for Mr. Vargas. Therefore, calculations are provided below based on a future loss of pension benefits for 12 years, 15 years, or 18 years. On this basis, the present value of the future lost pension benefits (using 2017 current benefits of \$32,883 per year) would be as follows:

12 years.....	\$329,998
15 years.....	\$393,647
18 years.....	\$451,170

It is also appropriate to make a calculation for the value of lost household services as the result of Mr. Vargas' death. Such lost services would include cleaning, cooking, errands, maintenance, yard work, handling family finances, and other similar household chores. According to information from Time Use Surveys published by the U.S. Department of Labor and the American Economic Association, an employed male spends an average of approximately 10 hours or more per week providing the normal level of services for his household. For purpose of this report, the lost household services of Mr. Vargas are conservatively measured based upon an average of 5-10 hours of lost services per week.

The lost household services are best valued at their replacement cost utilizing an appropriate value for the lost services. An appropriate value to use would currently be \$19 per hour, based upon earnings information for similar types of household workers, as published by the U.S. Department of Labor in its "Occupational Outlook Handbook" and the Pennsylvania Department of Labor and Industry in its "Occupational Wages". On this basis, and allowing for increases in the value of the lost household services from the date of Mr. Vargas's death through the current value of \$19 per hour, the past lost household services would be \$15,456.

The future lost services are measured for the same future periods of loss as the lost pension benefits described above: 12 years, 15 years, and 18 years. The current value of the lost services of 5-10 hours per week would be \$7,410 per year. The future costs for services are measured using the net interest rate method. Under this method, the future services are calculated by making an allowance for future increases in services due to inflation. However, the future services must also be reduced to present value at an appropriate rate of interest. By using rates of growth in services that are representative of average rates of inflationary growth in services in the U.S. economy, and using interest rates that reflect current interest rates in the U.S. economy, the allowance for future growth in services coupled with the reduction of future services costs to their

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present value would be approximately equivalent to a reduction to present worth at 2½% net interest for present value, 0% net interest/0% net growth, and 2½% net growth for present value. On this basis, the present value of the future lost services for Mr. Vargas would be as follows:

	<u>2½% Net Interest For Present Value</u>	<u>0% Net Interest/ 0% Net Growth</u>	<u>2½% Net Growth For Present Value</u>
12 years.....	\$77,910	\$88,920	\$102,225
15 years.....	\$94,040	\$111,150	\$132,876
18 years.....	\$109,017	\$133,380	\$165,883

The foregoing figures are summarized on the enclosed Summary page.

Very truly yours,

  
David L. Hopkins, ASMA, MAAA

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**SUMMARY****Future Loss Period**

<u>Future Lost Services at 2½%</u> <u>Net Interest For Present Value</u>	<u>12 Years</u>	<u>15 Years</u>	<u>18 Years</u>
Past Lost Pension.....	\$ 67,966	\$ 67,966	\$ 67,966
Future Lost Pension.....	329,998	393,647	451,170
Past Lost Services.....	15,456	15,456	15,456
Future Lost Services.....	<u>77,910</u>	<u>94,040</u>	<u>109,017</u>
 TOTALS.....	 \$491,330	 \$571,109	 \$643,609

<u>Future Lost Services at 0%</u> <u>Net Interest, 0% Net Growth</u>	<u>12 Years</u>	<u>15 Years</u>	<u>18 Years</u>
Past Lost Pension.....	\$ 67,966	\$ 67,966	\$ 67,966
Future Lost Pension.....	329,998	393,647	451,170
Past Lost Services.....	15,456	15,456	15,456
Future Lost Services.....	<u>88,920</u>	<u>111,150</u>	<u>133,380</u>
 TOTALS.....	 \$502,340	 \$588,219	 \$667,972

<u>Future Lost Services at 2½%</u> <u>Net Growth For Present Value</u>	<u>12 Years</u>	<u>15 Years</u>	<u>18 Years</u>
Past Lost Pension.....	\$ 67,966	\$ 67,966	\$ 67,966
Future Lost Pension.....	329,998	393,647	451,170
Past Lost Services.....	15,456	15,456	15,456
Future Lost Services.....	<u>102,225</u>	<u>132,876</u>	<u>165,883</u>
 TOTALS.....	 \$515,645	 \$609,945	 \$700,475